

SCS HCS HB 613 -- COLLECTION OF PROPERTY TAXES

This bill changes the laws regarding the collection of property taxes. In its main provisions, the bill:

(1) Changes the amount of fees a county collector must collect for collecting specified state, county, and local taxes and licensing fees that must be deposited in the county general fund. In a county where the total amount levied in any year exceeds \$350,000 and is less than \$2 million, the fee is 2.5% on the first \$350,000 collected and 1% on anything above that amount. In a county where the total amount levied exceeds \$2 million, the fee is 1% on all amounts collected. The bill raises the upper threshold amount for a county to be eligible to collect the 2.5% on the first \$350,000 to \$3 million;

(2) Requires the county collector in any county in which a township has been abolished to continue to collect a property tax on a county-wide basis for road and bridge purposes for one year following the abolishment of the township or until the county voters have approved a property tax for those purposes, whichever occurs first. The property tax must be the same amount as the property tax being levied in the township with the lowest total tax rate immediately before the township was abolished. The collection of the property tax is to be considered a continuation of a tax and not a new tax;

(3) Specifies that all merchandise or equipment held by a rental company and available for short-term rentals of less than 365 consecutive days which will subsequently or ultimately be sold must be considered inventory and exempt from property taxes;

(4) Requires a county assessor when establishing the value of real property to use an income based approach as specified in the bill for the assessment of real property with federal or state imposed restrictions in regard to rent limitations, operational requirements, or any other restrictions imposed on the property to be eligible for state or federal credits and subsidies as residential rental property;

(5) Changes the laws regarding the advertisement of delinquent lands. Currently, a county collector may advertise delinquent land with an assessed valuation of \$1,000 or less without a legal description or the names of the record owners when publishing a delinquent land list for delinquent real property tax. The bill increases the assessed valuation to \$1,500 or less;

(6) Changes the laws regarding the advertisement of a delinquent lot. Currently, a county collector may advertise a delinquent lot

if the lot is in a development of 20 or more lots and the lot has an assessed valuation of \$1,000 or less without a legal description or the names of the record owners when publishing a delinquent land list for delinquent real property tax. The bill increases the assessed valuation to \$1,500 or less;

(7) Allows a collector, agent of a collector, tax sale purchaser, or an agent of a tax sale purchaser to enter land, without being guilty of trespass, to provide, serve, or post notice of a tax sale or tax sale redemption rights;

(8) Specifies that upon paying the reasonable and customary costs of a sale to the county collector for the use of the purchaser, his or her heirs, successors, or assigns; the owner; lienholder; or occupant of any land or lot sold for taxes; or any other person having an interest therein must have the absolute right to redeem the land at any time during the following year and must continue to have a defeasible right to redeem the land until the tax sale purchaser acquires the deed. Once the tax sale purchaser acquires the deed, the right to redeem must expire, provided upon the expiration of the lien evidenced by a certificate of purchase under Section 140.410, RSMo, no redemption must be required. The bill prohibits any costs incurred by a tax sale purchaser in providing notice of tax sale redemption rights required by law from being reimbursable as a reasonable and customary cost of sale unless the costs are incurred after March 1 following the date of purchase of the tax sale certificate by the tax sale purchaser at a first or second offering delinquent tax sale. The reasonable and customary costs of sale needed to redeem any land or lot sold for taxes must be determined by the collector;

(9) Allows minors and incapacitated and disabled persons to redeem any lands belonging to them sold for taxes within five years of the date of the last payment of taxes encumbering the real estate by the minor, incapacitated or disabled person, the party's predecessors in interest, or any representative of the person in the same manner as provided in Section 140.340 for redemption by other persons instead of one year after the expiration of the disability;

(10) Repeals the provision requiring a title search report detailing the ownership and encumbrances on property purchased at a delinquent land tax auction to be declared invalid if the effective date is more than 120 days from the date the purchaser applies for a collector's deed and the provision requiring a person redeeming property to pay the costs incurred by the purchaser in the providing the required notice. The bill specifies that "authorized to acquire the deed" means the date chosen by the tax sale purchaser that is more than the minimum redemption period specified

in Section 140.340 if the tax sale purchaser has complied with the requirements entitling the purchaser to the issuance of a collector's deed including payment of the recording fee for the collector's deed, production of the original certificate of purchase as required under Section 140.420 or production of an original affidavit of lost or destroyed certificate approved by the collector as to form and substance, and payment of all subsequent taxes required to be paid under Section 140.440. The bill specifies how any person except a minor or an incapacitated or disabled person may receive notice of his or her right to redeem property sold at a tax auction, as specified in the bill, in a foreign country or outside the United States;

(11) Changes the laws regarding the purchase of delinquent land. Currently, a purchaser of delinquent land, or his or her heirs or assigns, must pay all subsequent taxes on the property purchased prior to the issuance of any collector's deed and have a deed to be executed and placed on record in the proper county within two years from the date of the sale. The bill shortens the time to within 18 months. If no person redeems the lands sold for taxes prior to the expiration of the right to redeem, at the expiration thereof, and on production of the certificate of purchase and upon proof satisfactory to the collector that a purchaser or his or her heirs, successors, or assigns are authorized to acquire the deed, the collector of the county where the sale of the lands took place must execute to the purchaser, or his or her heirs or assigns, in the name of the state, a conveyance of the real estate sold, which must vest in the grantee an absolute estate in fee simple, subject, however, to all claims thereon for unpaid taxes except the unpaid taxes existing at the time of the purchase of the lands and the lien for which taxes was inferior to the lien for taxes for which the tract or lot of land was sold; and

(12) Authorizes all counties of the third or fourth classification to impose, upon voter approval, a special road rock fund tax at a rate not to exceed \$1 per acre for property classified as agricultural and horticultural. Currently, only certain counties of the third classification without a township form of government are authorized to impose the tax upon voter approval.